
REQUEST FOR PROPOSAL

AGENCY: DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

SOLICITATION NUMBER RFP-8-97-HHS-OS

ISSUE DATE: JUNE 13, 1997

DUE DATE AND TIME JULY 14, 1997, 4:00 PM LOCAL TIME

END ITEM: STATISTICAL ADVISORY AND ASSISTANCE SERVICES.

CONTRACT TYPE: LABOR HOUR

PERIOD OF PERFORMANCE 1 YEAR BASIC, WITH 4 OPTION YEARS

THIS IS 100% SETASIDE FOR SMALL BUSINESSES.

PROPOSALS MUST BE DELIVERED OR MAILED TO THE FOLLOWING ADDRESS

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF THE SECRETARY
OFFICE OF ACQUISITION MANAGEMENT
ROOM 443H, HHH BUILDING
200 INDEPENDENCE AVENUE, S.W.
WASHINGTON, D.C. 20201
ATTN: GAYNEL M. ABADIE
PHONE NO. (202) 690-7506

NOTICE: ACCESS TO HUBERT H. HUMPHREY BUILDING

THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, HUBERT H. HUMPHREY BUILDING, 200 INDEPENDENCE AVE., SW, WASHINGTON, DC, 20201, IS A CONTROLLED ACCESS BUILDING. IF YOU INTEND TO HANDCARRY YOUR BID/PROPOSAL, PRIOR ARRANGEMENTS FOR ACCESS SHOULD BE MADE BY CONTACTING THE INDIVIDUAL SPECIFIED IN BLOCK 10 OF THE SF33 AT LEAST ONE WORK DAY PRIOR TO THE DATE YOU REQUIRE ACCESS. IF PRIOR ARRANGEMENTS ARE NOT MADE, YOU SHOULD ALLOW AT LEAST 30 MINUTES FOR VISITOR ACCESS. IT IS YOUR RESPONSIBILITY TO ENSURE THAT BIDS/PROPOSALS ARE DELIVERED BY THE DUE DATE AND TIME REQUIRED IN THE SOLICITATION.

SOLICITATION, OFFER, AND AWARD		1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 350)		RATING		PAGE OF PAGES 138			
2. CONTRACT NO.		3. SOLICITATION NO. RFP-8-97-HHS-OS		4. TYPE OF SOLICITATION <input type="checkbox"/> SEALED BID (IFB) <input checked="" type="checkbox"/> NEGOTIATED (RFP)		5. DATE ISSUED 06/13/97		6. REQUISITION/PURCHASE NO. 396384	
7. ISSUED BY Dept. of Health and Human Services OS/Office of Acquisition Management Room 443H, HHH Bldg. 200 Independence Ave., SW Washington, DC 20201		CODE		8. ADDRESS OFFER TO (If other than Item 7)					

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and "bidder".

9. Sealed offers in original and 2 copies for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if hand carried, in the depository located in (See Block 7) until 4:00 local time, 07/14/97	
(City) (Hour) (Date)	
CAUTION - LATE Submissions, Modifications, and Withdrawals: See Section L, Provision No. 52.214-7 or 52.215-10. All offers are subject to all terms and conditions contained in this solicitation.	
10. FOR INFORMATION CALL: A. NAME Gaynel M. Abadie B. TELEPHONE NO. (Include area code) (NO COLLECT CALLS) 202-690-7506	

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OFFER (Must be fully completed by offeror)									
NOTE: Item 12 does not apply if the solicitation includes the provisions at 52.214-16, Minimum Bid Acceptance Period.									
12. In compliance with the above, the undersigned agrees, if this offer is accepted within calendar days (60 calendar days unless a different period is inserted by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.									
13. DISCOUNT FOR PROMPT PAYMENT (See Section I, Clause No. 52.232-8)		10 CALENDAR DAYS		20 CALENDAR DAYS		30 CALENDAR DAYS		CALENDAR DAYS	
14. ACKNOWLEDGMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offerors and related documents numbered and dated:		AMENDMENT NO.		DATE		AMENDMENT NO.		DATE	
15A. NAME AND ADDRESS OF OFFEROR		CODE		FACILITY		16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print)			
15B. TELEPHONE NO. (Include area code)		<input type="checkbox"/> 15c. CHECK IF REMITTANCE ADDRESS IS DIFFERENT FROM ABOVE - ENTER SUCH ADDRESS IN SCHEDULE		17. SIGNATURE		18. OFFER DATE			

19. ACCEPTED AS TO ITEMS NUMBERED		20. AMOUNT		21. ACCOUNTING AND APPROPRIATION INFORMATION			
22. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION: <input type="checkbox"/> 10 U.S.C. 2304(c) () <input type="checkbox"/> 41 U.S.C. 253(c) ()				23. SUBMIT INVOICES TO ADDRESS SHOWN IN (4 copies unless otherwise specified)		ITEM	
24. ADMINISTERED BY		CODE		25. PAYMENT WILL BE MADE BY		CODE	
26. NAME OF CONTRACTING OFFICER (Type or print)				27. UNITED STATES OF AMERICA		28. AWARD DATE	

PART I - THE SCHEDULE

SECTION B SUPPLIES OR SERVICES AND PRICES/COSTS

Except as otherwise specified herein, the Contractor shall furnish the necessary personnel, materials, services, facilities, and otherwise do all things necessary for or incident to the performance of the work set forth below.

I. Project Title:

Provide advisory and assistance services in the area of statistical methodologies and generally accepted statistical principles for use in statistical sampling by the Office of the Inspector General.

II. Specifications:

In performance of this project, the Contractor shall perform in accordance with Part I-Section C herein.

III. Consideration and Payment:

- A. BASIC PERIOD OF PERFORMANCE - The total not-to-exceed amount of this contract is \$ ____*. In consideration for the satisfactory performance of the work called for herein the Contractor shall be paid for each hour of direct labor actually expended in the performance of said work at the rate, by job classification, specified below. HOWEVER, in no event shall the amount of compensation exceed the ceiling price set forth above.

Labor Classification	Est. Hours	Fixed Hr.Rate
Project Manager/ Statistician	<u>400</u>	\$ _____

- B. In addition to direct labor, the Contractor shall be reimbursed for other direct costs incurred in the performance of the work called for herein, in an amount not-to-exceed \$____*, which amount has been included in the total not-to-exceed amount of the basic period above.

* To be completed at time of award.

- C. OPTION I - The total not-to-exceed amount of this option is \$____*. In consideration for the satisfactory performance of the work called for herein the Contractor shall be paid for each hour of direct labor actually expended in the performance of said work at the rate, by job classification, specified below. HOWEVER, in no event shall the amount of compensation exceed the ceiling price set forth above.

Labor Classification	Est. Hours	Fixed Hr.Rate
Project Manager/ Statistician	<u>400</u>	\$_____

- D. In addition to direct labor, the Contractor shall be reimbursed for other direct costs incurred in the performance of the work called for herein, in an amount not-to-exceed \$____*, which amount has been included in the total not-to-exceed amount of the option period above.

- E. OPTION II - The total not-to-exceed amount of this contract is \$____*. In consideration for the satisfactory performance of the work called for herein the Contractor shall be paid for each hour of direct labor actually expended in the performance of said work at the rate, by job classification, specified below. HOWEVER, in no event shall the amount of compensation exceed the ceiling price set forth above.

Labor Classification	Est. Hours	Fixed Hr.Rate
Project Manager/ Statistician	<u>400</u>	\$_____

- F. In addition to direct labor, the Contractor shall be reimbursed for other direct costs incurred in the performance of the work called for herein, in an amount not-to-exceed \$____* which amount has been included in the total not-to-exceed amount of the option period above.

- G. OPTION III - The total not-to-exceed amount of this contract is \$____*. In consideration for the satisfactory performance of the work called for herein the Contractor shall be paid for each hour of direct labor actually expended in the performance of said work at the rate, by job classification, specified below. HOWEVER, in no event shall the amount of compensation exceed the ceiling price set forth above.

Labor Classification	Est. Hours	Fixed Hr.Rate
Project Manager/ Statistician	<u>400</u>	\$_____

- H. OPTION IV - The total not-to-exceed amount of this contract is \$____*. In consideration for the satisfactory performance of the work called for herein the Contractor shall be paid for each hour of direct labor actually expended in the performance of said work at the rate, by job classification, specified below. HOWEVER, in no event shall the amount of compensation exceed the ceiling price set forth above.

Labor Classification	Est. Hours	Fixed Hr.Rate
Project Manager/ Statistician	<u>400</u>	\$_____

* To be completed at time of award.

- I. In addition to direct labor, the Contractor shall be reimbursed for other direct costs incurred in the performance of the work called for herein, in an amount not-to-exceed \$____*, which amount has been included in the total not-to-exceed amount of the option period above.
- J. The Government shall not be liable for any charges whether direct labor or other direct costs, which exceed the ceiling price stated in Paragraph "A" above, unless such changes are authorized in writing by the Contracting Officer.
- K. The Contractor represents and certifies that any changes contemplated and included in its estimate of the cost for performance are not duplicative of any charges against any other Government contract, subcontract or other Government source.
- L. Except as may be otherwise specifically provided for in this contract, the allowability of costs and acceptability of cost allocation methods shall be determined in accordance with the Federal Acquisition Regulations in effect on the effective date of this contract.
- M. Notwithstanding any provision to the contrary, the Contractor shall not incur any costs other than those set forth in this contract, unless the prior written authorization of the Contracting Officer has been obtained.

* To be completed at time of award.

SECTION C

DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

STATEMENT OF WORK

Statistical Advisory and Assistance Services

For efficiency, the OIG makes extensive use of statistical sampling projections to draw conclusions during audits. These statistical projections are the basis for most audits in which large cost savings are reported or large amounts are recommended for recovery. OAS audit sampling plans are developed in accordance with the OAS policy on Sampling and Estimation Techniques in Auditing. We need to expand and refine our statistical capability because continually increasing demands on our audit resources create a need for us to develop more efficient and effective sampling plans. Technical assistance will be provided in developing more efficient and effective sampling designs and developing computer software for the data appraisal. Offeror must demonstrate specialized experience in audit sampling, specifically multistage sampling designs in auditing and mixed distributions involving audit data. Offeror must also demonstrate experience in developing computer appraisal programs to appraise audit data and to perform simulation studies for policy evaluation.

Services are to be provided in the area of statistical methodologies and generally accepted statistical principles for use in statistical sampling and statistical analysis by the Office of the Inspector General (OIG), Office of Audit Services (OAS). Services will include:

- (1) using the OAS sample planning approach to develop sample plans for OAS audit sampling designs development, computer software development and statistical sampling training; (estimated level of effort is 30% or 120 hours)
- (2) developing modules and documentation for the OAS statistical software, RAT-STATS**, to appraise audit data; (estimated level of effort is 25% or 100 hours)
- (3) training new hires on statistical sampling and training OAS auditors and other federal employees on newly developed procedures; (estimated level of effort is 30% or 120 hours)
- (4) serving as an expert witness in defending sampling projections; (estimated level of effort is 10% or 40 hours)
- (5) reviewing and certifying software written by OAS auditors. (estimated level of effort is 5% or 20 hours)

While most work will be performed independently, the Government reserves the right to direct the Contractor in these areas when necessary.

All programming will be done on an IBM PC compatible microcomputer to be provided by the Offeror. Careful attention must be paid to the distribution of audit data. OAS Statistical Specialists will be trained in the use of the computer programs and will be provided copies of the code on 3.5" diskettes and the documentation.

** RAT-STATS software and documentation are available on the IGNet:
<http://www.sbaonline.sba.gov/ignet/internal/hhs/ratstat.html>

Training will be provided to OAS auditors and Statistical Specialists in statistical sampling as it applies to OIG, OAS auditing as required. Sampling techniques will be taught in relation to OAS sampling policy. The Government will provide the training location, course outline, and case studies for this course. The Contractor is to develop the 3 1/2 day statistical sampling training course with assistance provided by the OIG. Contractor will provide course materials and teaching aids. The courses will be limited to 25 students. In the basic year of the contract, approximately 60 newly hired auditors will require this training. In option year I, approximately 60 newly hired auditors will require this training. In the remaining option years it is estimated that one new course for newly hired auditors will be offered.

Also, the intermediate sampling course, "Statistical Sampling for Nationwide Audits and Multi-stage Design" will be offered once in the basic year. In the option years, one course of either the Intermediate or Advanced Statistical Analysis Course will be offered. The Government will provide the training location and draft course material to the Contractor. Contractor will be required to update these courses as needed and provide the updated course material and teaching aids. The courses will be limited to 25 students.

All training courses will be for a duration of 3 1/2 days and may be conducted anywhere in the contiguous United States.

Offeror must have a Ph.D. and strong academic background to be a credible expert witness before the board of appeals and in courts of law in the event our statistical projections are challenged. Offeror must be an expert statistician capable of testifying before formal bodies as to the adequacy of the sampling methodology. Offeror may be called upon to review important sampling procedures prior to the procedures being applied. Additionally, offeror may be required to review and certify software written by OAS auditors. In performing these duties, it is necessary that the expert statistician have experience in reviewing sampling plans designed from accounting populations and in defending sampling projections before formal boards of inquiry and courts of law.

SECTION D

PACKAGING AND MARKING

This section is not applicable.

SECTION E

INSPECTION AND ACCEPTANCE

E.1 52.252-2 CLAUSES INCORPORATED BY REFERENCE (JUN 1988)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES

NUMBER	TITLE	DATE
52.246-6	JAN 1986	INSPECTION - TIME-AND-MATERIAL AND LABOR-HOUR

E.2 INSPECTION AND ACCEPTANCE

- (a) The Contracting Officer or a duly authorized representative will perform inspection and acceptance of services and materials to be provided.
- (b) For the purpose of this section, the Project Officer is the duly authorized representative of the Contracting Officer.

SECTION F

DELIVERIES OR PERFORMANCE

F.1 52.252-2 CLAUSES INCORPORATED BY REFERENCE (JUN 1988)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES

<i>NUMBER</i>	<i>TITLE</i>	<i>DATE</i>
52.242-15	AUG 1989	STOP-WORK ORDER

F.2 PLACE OF PERFORMANCE

The work required hereunder shall be performed on the Contractor's premises except as stated in Section C, the Statement of Work.

F.3 PERIOD OF PERFORMANCE

The basic period of performance for this contract is one year with four (4) twelve month option periods. The total period of contract performance shall not extend beyond 60 months.

Option I - 12 months

Option II - 12 months

Option III - 12 months

Option IV - 12 months

F.4 SCHEDULE OF DELIVERABLES OR REPORTING REQUIREMENTS

Milestone Date for 9/1/97 to 8/31/98 Contract

- | | |
|---|--|
| 1. Specify plan | Within two weeks from start of contract. |
| a. Strategy for accomplishing work. | |
| b. Starting dates and estimated completion dates of tasks. | |
| 2. Report progress on results. | |
| | By March 1, 1998 |
| 3. Training for auditors and Statistical Specialists. | |
| | By August 28, 1998 |
| 4. Final report on research results, policy guidance, and computer simulations. | |
| | By August 31, 1998 |

SECTION G

CONTRACT ADMINISTRATION DATA

G.1 TECHNICAL DIRECTION

Performance of the work under this contract shall be subject to the technical direction of the Project Officer. The term "Technical Direction" is defined to include, without limitation, the following:

- (a) Directions to the Contractor which redirect the contract effort, shift work emphasis between work areas or tasks, require pursuit of certain lines of inquiry, fill in details or otherwise serve to accomplish the contractual statement of work.
- (b) Provision of information to the Contractor which assists in the interpretation of drawings, specifications or technical portions of the work description.
- (c) Review, and where required by the contract, approval of technical reports, drawings, specifications, and technical information to be delivered, by the Contractor to the Government, under the contract.

Technical direction must be within the general scope of work stated in the contract. The Project Officer does not have authority to and may not issue any technical directions which (i) constitutes an assignment of additional work outside the general scope of the contract; (ii) constitutes a change as defined in the contract clause entitled "Changes"; (iii) in any manner causes an increase or decrease in the total estimated contract performance; or, (iv) changes any of the expressed terms, conditions, or specifications of the contract.

All technical directions shall be issued in writing by the Project Officer or shall be confirmed by him in writing within five working days of oral issuance. The Contractor shall proceed promptly with the implementation of all technical directions duly issued by the Project Officer in the manner prescribed by this clause and within the authority of the provisions of this clause.

If in the opinion of the Contractor, any instruction or direction issued by the Project Officer is within one of the categories defined in (i) through (iv) above, the Contractor shall not proceed but shall notify the Contracting Officer in writing within five working days after the receipt of any such instructions or directions, and shall request the Contracting Officer to modify the contract accordingly. Upon receiving such notification from the Contractor, the Contracting Officer shall issue an appropriate contract modification or advise the Contractor in writing that the technical direction is within the scope of this clause and does not constitute a change under the Changes clause of this contract. The Contractor shall thereupon proceed immediately with the direction given. A failure of the parties to agree upon the nature of an instruction or direction, or upon the contract action to be taken with respect thereto shall be subject to the provisions of the contract clause entitled "Disputes".

G.2 DESIGNATION OF GOVERNMENT PROJECT OFFICER

- (a) _____ * _____ is hereby designated Project Officer under this contract. His/Her address is:
_____ *
- (b) The Project Officer, or his authorized representative, shall be responsible for coordinating the technical aspects of the contract with the Contractor. The Project Officer is not authorized to make any changes which affect the contract amount, delivery, terms or conditions. The Contracting Officer is the only party authorized to bind the Government.

G.3 DESIGNATION OF GOVERNMENT CONTRACT ADMINISTRATOR

_____ * _____ has been assigned to administer the contractual aspects of this contract. Changes in the scope of work, contract cost, price, quantity, quality or delivery schedule shall be made only by the Contracting Officer by a properly executed modification to this contract. Any proposed change or modification and all correspondence that in any way concerns the terms or conditions of this contract shall be submitted directly to the contract administrator at the following address:

Department of Health and Human Services
Office of the Secretary
Division of Contract Operations, Room 443-H
200 Independence Ave., SW, HHH-Bldg.
Washington, DC 20201
Telephone No. (202) _____ *

* TO BE COMPLETED AT TIME OF AWARD

G.4 BILLING INSTRUCTIONS/PAYMENT

- (a) The "Designated Billing Office" is the Division of Accounting Operations located at the following address:

PSC/FMS/DFS
Room 16A12, Parklawn
5600 Fishers Lane
Rockville, MD 20857

SECTION H

SPECIAL CONTRACT REQUIREMENTS

H.1 352.237-70 CONSULTING SERVICES REPORTING (APR 1984)

The Contractor shall set forth on the cover of every report submitted pursuant to this contract the following information: (a) Name and business address of the Contractor; (b) Contract number; (c) Contract dollar amount; (d) Whether the contract was competitively or noncompetitively awarded; (e) Name of the Department's project officer and complete office identification and address; and (f) Names of the managerial and professional personnel responsible for the content and preparation of the report.

H.2 PROJECT DIRECTOR AND KEY PERSONNEL

- (a) Performance of the work required by this contract shall be conducted under the direction of: _____. The Government reserves the right to disapprove any successor to this individual.

* TO BE COMPLETED AT TIME OF AWARD

H.3 TRAVEL COSTS

- (a) Costs for transportation, lodging, subsistence, and incidental expenses incurred by contractor personnel on official company business are allowable subject to the provisions below. The costs may be based upon 1) actual costs incurred, 2) per diem or mileage, or 3) a combination of 1) and 2) provided the method used does not result in an unreasonable charge. Except as provided in FAR 31.205-46, reimbursement for travel will not exceed the maximum allowed under the Federal Travel Regulations, Joint Travel Regulations, and Standardized Regulations, in effect at the time of travel.
- (b) Travel costs incurred in the normal course of overall administration of the business are allowable and shall be treated as indirect costs.
- (c) Travel costs directly attributable to specific contract performance are allowable and may be charged to the contract as direct costs.
- (d) The difference in cost between first-class air accommodations and less-than-first-class air accommodations is unallowable except when less than first-class accommodations are not reasonably available to meet necessary mission requirements (such as when less-than-first-class accommodations would require circuitous routing, require travel during unreasonable hours, excessively prolong travel, result in increased cost that would offset transportation savings, or would offer accommodations not reasonably adequate for the physical or medical needs of the traveler).
- (e) Costs of travel via contractor-owned, -leased, and -chartered aircraft are subject to the conditions listed in FAR 31.205-46(e).
- (f) Foreign travel costs are allowable only when the travel has received specific prior approval.
- (g) For educational institutions expenditures for domestic travel will not be allowed if they exceed the amount specified by more than 25% or \$500, whichever is greater.

H.4 ADVISORY AND ASSISTANCE SERVICES

The Contractor agrees to determine whether or not any consultant to be utilized under this contract has in effect an agreement with the Federal Government for similar services at a lesser consultant rate than that offered under this contract and, if so, to advise the Contracting Officer accordingly, prior to the formalization of an agreement for consultant services.

H.5 DISSEMINATION OF INFORMATION

Data and information either provided to the Contractor, or to any subcontractor or generated by activities under the proposed contract shall be privileged. The Contractor, and any subcontractor, shall be restricted from duplicating, using or disclosing such data or information, in whole or in part, outside DHHS for any purpose other than the fulfillment of the requirements set forth in this contract. This restriction does not limit the Contractor's right to use such data or information if it is obtained from non-restricted source. Any questions about "privileged information" shall be referred to the Government Project Officer.

PART II - CONTRACT CLAUSES

SECTION I

CONTRACT CLAUSES

I.1 52.252-2 CLAUSES INCORPORATED BY REFERENCE (JUN 1988)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES

<i>NUMBER</i>	<i>TITLE</i>	<i>DATE</i>
52.202-1	OCT 1995	DEFINITIONS
52.203-3	APR 1984	GRATUITIES
52.203-5	APR 1984	COVENANT AGAINST CONTINGENT FEES
52.203-6	JUL 1995	RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT
52.203-7	JUL 1995	ANTI-KICKBACK PROCEDURES
52.203-10	JAN 1996	PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY
52.203-12	JAN 1990	LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS
52.204-4	JUN 1996	PRINTING/COPYING DOUBLED- SIDED ON RECYCLED PAPER
52.209-6	JUL 1995	PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT
52.215-2	AUG 1996	AUDIT AND RECORDS-- NEGOTIATION
52.215-33	JAN 1986	ORDER OF PRECEDENCE
52.217-8	AUG 1989	OPTION TO EXTEND SERVICES

52.219-6	JUL 1996	NOTICE OF TOTAL SMALL BUSINESS SET-ASIDE
52.219-8	OCT 1995	UTILIZATION OF SMALL, SMALL DISADVANTAGED AND OWNED SMALL BUSINESS CONCERNS
	WOMEN-	
52.219-14	DEC 1996	LIMITATIONS ON SUBCONTRACTING
52.222-3	AUG 1996	CONVICT LABOR
52.222-26	APR 1984	EQUAL OPPORTUNITY
52.222-35	APR 1984	AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS
52.222-36	APR 1984	AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS
52.222-37	JAN 1988	EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA
52.223-2	APR 1984	CLEAN AIR AND WATER
52.223-6	JAN 1997	DRUG-FREE WORKPLACE
52.225-11	OCT 1996	RESTRICTIONS ON CERTAIN FOREIGN PURCHASES
52.227-1	JUL 1995	AUTHORIZATION AND CONSENT
52.227-2	AUG 1996	NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT
52.232-7	FEB 1997	PAYMENTS UNDER TIME-AND-MATERIALS AND LABOR-HOUR CONTRACTS Alternate II (APR 1984)
52.232-17	JUN 1996	INTEREST
52.232-23	JAN 1986	ASSIGNMENT OF CLAIMS Alternate I (APR 1984)
52.232-25	MAR 1994	PROMPT PAYMENT
52.232-33	AUG 1996	MANDATORY INFORMATION FOR ELECTRONIC FUNDS TRANSFER PAYMENT
52.233-1	OCT 1995	DISPUTES
52.233-3	AUG 1996	PROTEST AFTER AWARD
52.242-13	JUL 1995	BANKRUPTCY

52.243-3	AUG 1987	CHANGES - TIME-AND-MATERIALS OR LABOR-HOURS
52.244-3	APR 1985	SUBCONTRACTS (TIME-AND-MATERIALS AND LABOR-HOUR CONTRACTS)
52.246-25	FEB 1997	LIMITATION OF LIABILITY - SERVICES
52.249-6	APR 1984	TERMINATION (COST RE-IMBURSEMENT) ALTERNATE IV
52.249-14	APR 1984	EXCUSABLE DELAYS
52.253-1	JAN 1991	COMPUTER GENERATED FORMS

I.2 52.203-8 CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)

- (a) If the Government receives information that a contractor or a person has engaged in conduct constituting a violation of subsection (a), (b), (c), or (d) of Section 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423) (the Act), as amended by section 4304 of the 1996 National Defense Authorization Act for Fiscal Year 1996 (Pub. L. 104-106), the Government may--
 - (1) Cancel the solicitation, if the contract has not yet been awarded or issued; or
 - (2) Rescind the contract with respect to which--
 - (i) The Contractor or someone acting for the Contractor has been convicted for an offense where the conduct constitutes a violation of subsection 27 (a) or (b) of the Act for the purpose of either--
 - (A) Exchanging the information covered by such subsections for anything of value; or
 - (B) Obtaining or giving anyone a competitive advantage in the award of a Federal agency procurement contract; or
 - (ii) The head of the contracting activity has determined, based upon a preponderance of the evidence, that the Contractor or someone acting for the Contractor has engaged in conduct constituting an offense punishable under subsections 27(e)(1) of the Act.
- (b) If the Government rescinds the contract under paragraph (a) of this clause, the Government is entitled to recover, in addition to any penalty prescribed by law, the amount expended under the contract.
- (c) The rights and remedies of the Government specified herein are not exclusive, and are in addition to any other rights and remedies provided by law, regulation, or under this contract.

I.3 52.217-9 OPTION TO EXTEND THE TERM OF THE CONTRACT (MAR 1989)

- (a) The Government may extend the term of this contract by written notice to the Contractor within _____; provided, that the Government shall give the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension.
- (b) If the Government exercises this option, the extended contract shall be considered to include this option provision.
- (c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed _____.

I.4 52.227-23 RIGHTS TO PROPOSAL DATA (TECHNICAL) (JUN 1987)

Except for data contained on pages _____, it is agreed that as a condition of award of this contract, and notwithstanding the conditions of any notice appearing thereon, the Government shall have unlimited rights (as defined in the Rights in Data--General" clause contained in this contract) in and to the technical data contained in the proposal dated _____, upon which this contract is based.

I.5 52.252-6 AUTHORIZED DEVIATIONS IN CLAUSES (APR 1984)

- (a) The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the date of the clause.
- (b) The use in this solicitation or contract of any Department of Health and Human Services clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

II. DEPARTMENT OF HEALTH AND HUMAN SERVICES ACQUISITION
REGULATION (HHSAR)(48 CFR CHAPTER 3) CLAUSES

352.202-1 DEFINITIONS APR 1984

352.232-9 WITHHOLDING OF CONTRACT PAYMENTS APR 1984

352.270-7 PAPERWORK REDUCTION ACT APR 1984

PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS

SECTION J

LIST OF ATTACHMENTS

I. LIST OF ATTACHMENTS

Listed below are all of the documents attached to and forming a part of this solicitation:

Exhibit or Attachment	Number of Pages
1. SF-1448 - Contract Pricing Proposal Cover Sheet	2
2. Office of Audit Services' Audit Policies and Procedures Chapter 6-20;20-02	20

PART IV - REPRESENTATIONS AND INSTRUCTIONS

SECTION K

REPRESENTATIONS, CERTIFICATIONS, AND

OTHER STATEMENTS OF OFFERORS

K.1 52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE (JUN 1988)

This solicitation incorporates one or more solicitation provisions by reference, with the same force and effect as if they were given in full text. Upon request, the contracting officer will make their full text available.

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) PROVISIONS

NUMBER	TITLE	DATE
--------	-------	------

K.2 52.203-11 CERTIFICATION AND DISCLOSURE REGARDING PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (APR 1991)

- (a) The definitions and prohibitions contained in the clause, at FAR 52.203-12, Limitation on Payments to Influence Certain Federal Transactions, included in this solicitation, are hereby incorporated by reference in paragraph (b) of this certification.
- (b) The offeror, by signing its offer, hereby certifies to the best of his or her knowledge and belief that on or after December 23, 1989--
 - (1) No Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement;
 - (2) If any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with this solicitation, the offeror shall complete and submit, with its offer, OMB standard form LLL, Disclosure of Lobbying Activities, to the Contracting Officer; and
 - (3) He or she will include the language of this certification in all subcontract awards at any tier and require that all recipients of subcontract awards in excess of \$100,000 shall certify and disclose accordingly.
- (c) Submission of this certification and disclosure is a prerequisite for making or entering into this contract imposed by section 1352, title 31, United States Code. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

K.3 52.204-3 TAXPAYER IDENTIFICATION (MAR 1994)

- (a) Definitions.
 - "Common parent," as used in this solicitation provision, means that corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the offeror is a member.
 - "Corporate status," as used in this solicitation provision, means a designation as to whether the offeror is a corporate entity, an unincorporated entity (e.g., sole proprietorship or partnership), or a corporation providing medical and health care services.
 - "Taxpayer Identification Number (TIN)," as used in this solicitation provision, means the number required by the IRS to be used by the offeror in reporting income tax and other returns.

- (b) All offerors are required to submit the information required in paragraphs (c) through (e) of this solicitation provision in order to comply with reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M and implementing regulations issued by the Internal Revenue Service (IRS). If the resulting contract is subject to the reporting requirements described in FAR 4.903, the failure or refusal by the offeror to furnish the information may result in a 31 percent reduction of payments otherwise due under the contract.
- (c) Taxpayer Identification Number (TIN).
- ☐ TIN:_____.
- ☐ TIN has been applied for.
- ☐ TIN is not required because:
- ☐ Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the U.S. and does not have an office or place of business or a fiscal paying agent in the U.S.;
- ☐ Offeror is an agency or instrumentality of a foreign government;
- ☐ Offeror is an agency or instrumentality of a Federal, state, or local government;
- ☐ Other. State basis._____
- (d) Corporate Status.
- ☐ Corporation providing medical and health care services, or engaged in the billing and collecting of payments for such services;
- ☐ Other corporate entity;
- ☐ Not a corporate entity:
- ☐ Sole proprietorship
- ☐ Partnership
- ☐ Hospital or extended care facility described in 26 CFR 501(c)(3) that is exempt from taxation under 26 CFR 501(a).
- (e) Common Parent.
- ☐ Offeror is not owned or controlled by a common parent as defined in paragraph (a) of this clause.
- ☐ Name and TIN of common parent:
- Name _____
- TIN _____

K.4 CONTRACTOR IDENTIFICATION NUMBER--DATA UNIVERSAL NUMBERING SYSTEM (DUNS) NUMBER (DEC 1996)

- (a) Contractor Identification Number, as used in this provision, means "Data Universal Numbering System (DUNS) number," which is a nine-digit number assigned by Dun and Bradstreet Information Services.
- (b) Contractor identification is essential for complying with statutory contract reporting requirements. Therefore, the offeror is requested to enter, in the block with its name and address on the Standard Form 33 or similar document, the annotation "DUNS" followed by the DUNS number which identifies the offeror's name and address exactly as stated in the offer.
- (c) If the offeror does not have a DUNS number, it should contact Dun and Bradstreet directly to obtain one. A DUNS number will be provided immediately by telephone at no charge to the offeror. For information on obtaining a DUNS number, the offeror should call Dun and Bradstreet at 1-800-333-0505. The offeror should be prepared to provide the following information:
 - (1) Company name.
 - (2) Company address.
 - (3) Company telephone number.
 - (4) Line of business.
 - (5) Chief executive officer/key manager.
 - (6) Date the company was started.
 - (7) Number of people employed by the company.
 - (8) Company affiliation.
- (d) Offerors located outside the United States may obtain the location and phone number of the local Dun and Bradstreet Information Services office from the Internet Home Page at <http://www.dbisna.com/dbis/customer/custlist.htm>. If an offeror is unable to locate a local service center, it may send an e-mail to Dun and Bradstreet at globalinfo@dbisma.com.

K.5 52.209-5 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT, AND OTHER RESPONSIBILITY MATTERS (MAR 1996)

- (a) (1) The Offeror certifies, to the best of its knowledge and belief, that--
 - (i) The Offeror and/or any of its Principals--
 - (A) Are () are not () presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;
 - (B) Have () have not (), within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and
 - (C) Are () are not () presently indicted for, or otherwise criminally or civilly charged by a governmental entity with,

commission of any of the offenses enumerated in subdivision (a)(1)(i)(B) of this provision.

- (ii) The Offeror has () has not (), within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.

- (2) "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

THIS CERTIFICATION CONCERNS A MATTER WITHIN THE JURISDICTION OF AN AGENCY OF THE UNITED STATES AND THE MAKING OF A FALSE, FICTITIOUS, OR FRAUDULENT CERTIFICATION MAY RENDER THE MAKER SUBJECT TO PROSECUTION UNDER SECTION 1001, TITLE 18, UNITED STATES CODE.

- (b) The Offeror shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- (c) A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Offeror's responsibility. Failure of the Offeror to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Offeror nonresponsible.
- (d) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (e) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

K.6 52.215-6 TYPE OF BUSINESS ORGANIZATION (JUL 1987)

The offeror or quoter, by checking the applicable box, represents that--

- (a) It operates as [] a corporation incorporated under the laws of the State of _____, [] an individual, [] a partnership, [] a nonprofit organization, or [] a joint venture.
- (b) If the offeror or quoter is a foreign entity, it operates as [] an individual, [] a partnership, [] a nonprofit organization, [] a joint venture, or [] a corporation, registered for business in _____ (country).

K.7 52.215-11 AUTHORIZED NEGOTIATORS (APR 1984)

The offeror or quoter represents that the following persons are authorized to negotiate on its behalf with the Government in connection with this request for proposals or quotations: [list names, titles, and telephone numbers of the authorized negotiators].

K.8 52.215-19 PERIOD FOR ACCEPTANCE OF OFFER (APR 1984)

In compliance with the solicitation, the offeror agrees, if this offer is accepted within _____ calendar days (60 calendar days unless a different period is inserted by the offeror) from the date specified in the solicitation for receipt of offers, to furnish any or all items on which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the Schedule.

K.9 52.215-20 PLACE OF PERFORMANCE (APR 1984)

- (a) The offeror or quoter, in the performance of any contract resulting from this solicitation, [] intends, [] does not intend (check applicable box) to use one or more plants or facilities located at a different address from the address of the offeror or quoter as indicated in this proposal or quotation.

- (b) If the offeror or quoter checks "intends" in paragraph (a) above, it shall insert in the spaces provided below the required information:

Place of Performance (Street	Name and Address of Owner and
Address, City, County, State,	Operator of the Plant or
Zip Code)	Facility if Other than
	Offeror or Quoter

_____	_____
_____	_____
_____	_____
_____	_____

K.10 52.219-1 SMALL BUSINESS PROGRAM REPRESENTATIONS (JAN 1997)

- (a) (1) The standard industrial classification (SIC) code for this acquisition is SIC 8748.
- (2) The small business size standard is no more than \$5 million average annual receipts for an offeror's preceding 3 fiscal years.
- (3) The small business size standard for a concern which submits an offer in its own name, other than on a construction or service contract, but which proposes to furnish a product which it did not itself manufacture, is 500 employees.
- (b) Representations. (1) The offeror represents as part of its offer that it [] is, [] is not a small business concern.
- (2) (Complete only if offeror represented itself as a small business concern in block (b)(1) of this section.) The offeror represents as part of its offer that it [] is, [] is not a small disadvantaged business concern.

(3) (Complete only if offeror represented itself as a small business concern in block (b)(1) of this section.) The offeror represents as part of its offer that it [] is, [] is not a women-owned small business concern.

- (c) Definitions. "Joint venture," for purposes of a small disadvantaged business (SDB) set-aside or price evaluation preference (as prescribed at 13 CFR 124.321), is a concern that is owned and controlled by one or more socially and economically disadvantaged individuals entering into a joint venture agreement with one or more business concerns and is considered to be affiliated for size purposes with such other concern(s). The combined annual receipts or employees of the concerns entering into the joint venture must meet the applicable size standard corresponding to the SIC code designated for the contract. The majority of the venture's earnings must accrue directly to the socially and economically disadvantaged individuals in the SDB concern(s) in the joint venture. The percentage of the ownership involvement in a joint venture by disadvantaged individuals must be at least 51 percent.

"Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR Part 121 and the size standard in paragraph (a) of this provision.

"Small disadvantaged business concern," as used in this provision, means a small business concern that (1) is at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business having at least 51 percent of its stock unconditionally owned by one or more socially and economically disadvantaged individuals, and (2) has its management and daily business controlled by one or more such individuals. This term also means a small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian Organization, or a publicly owned business having at least 51 percent of its stock unconditionally owned by one or more of these entities, which has its management and daily business controlled by members of an economically disadvantaged Indian tribe or Native Hawaiian Organization, and which meets the requirements of 13 CFR part 124.

"Women-owned small business concern", as used in this provision, means a small business concern--

- (1) Which is at least 51 percent owned by one or more women or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
- (2) Whose management and daily business operations are controlled by one or more women.

- (d) Notice. (1) If this solicitation is for supplies and has been set aside, in whole or in part, for small business concerns, then the clause in this solicitation providing notice of the set-aside contains restrictions on the source of the end items to be furnished.

- (2) Under 15 U.S.C. 645(d), any person who misrepresents a firm's status as a small or small disadvantaged business concern in order to obtain a contract to be awarded under the preference programs established pursuant to sections 8(a), 8(d), 9, or 15 of the Small Business Act or any

other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall--

- (i) Be punished by imposition of a fine, imprisonment, or both;
- (ii) Be subject to administrative remedies, including suspension and debarment; and
- (iii) Be ineligible for participation in programs conducted under the authority of the Act.

K.11 52.222-21 CERTIFICATION OF NONSEGREGATED FACILITIES (APR 1984)

- (a) "Segregated facilities," as used in this provision, means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin because of habit, local custom, or otherwise.
- (b) By the submission of this offer, the offeror certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The offeror agrees that a breach of this certification is a violation of the Equal Opportunity clause in the contract.
- (c) The offeror further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will--
 - (1) Obtain identical certifications from proposed subcontractors before the award of subcontracts under which the subcontractor will be subject to the Equal Opportunity clause;
 - (2) Retain the certifications in the files; and
 - (3) Forward the following notice to the proposed subcontractors (except if the proposed subcontractors have submitted identical certifications for specific time periods):

**NOTICE TO PROSPECTIVE SUBCONTRACTORS OF
REQUIREMENT FOR CERTIFICATIONS OF NONSEGREGATED
FACILITIES**

A Certification of Nonsegregated Facilities must be submitted before the award of a subcontract under which the subcontractor will be subject to the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually).

NOTE: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.

K.12 52.222-22 PREVIOUS CONTRACTS AND COMPLIANCE REPORTS (APR 1984)

The offeror represents that--

- (a) It ☐ has, ☐ has not participated in a previous contract or subcontract subject either to the Equal Opportunity clause of this solicitation, the clause originally contained in Section 310 of Executive Order No. 10925, or the clause contained in Section 201 of Executive Order No. 11114;
- (b) It ☐ has, ☐ has not filed all required compliance reports; and
- (c) Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

K.13 52.222-25 AFFIRMATIVE ACTION COMPLIANCE (APR 1984)

The offeror represents that (a) it ☐ has developed and has on file, ☐ has not developed and does not have on file, at each establishment, affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or (b) it ☐ has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.

K.14 52.223-1 CLEAN AIR AND WATER CERTIFICATION (APR 1984)

The Offeror certifies that--

- (a) Any facility to be used in the performance of this proposed contract is ☐, is not ☐ listed on the Environmental Protection Agency (EPA) List of Violating Facilities;
- (b) The Offeror will immediately notify the Contracting Officer, before award, of the receipt of any communication from the Administrator, or a designee, of the EPA, indicating that any facility that the Offeror proposes to use for the performance of the contract is under consideration to be listed on the EPA List of Violating Facilities; and
- (c) The Offeror will include a certification substantially the same as this certification, including this paragraph (c), in every nonexempt subcontract.

K.15 52.223-13 CERTIFICATION OF TOXIC CHEMICAL RELEASE REPORTING (OCT 1996)

- (a) Submission of this certification is a prerequisite for making or entering into this contract imposed by Executive Order 12969, August 8, 1995.
- (b) By signing this offer, the offeror certifies that--
 - (1) As the owner or operator of facilities that will be used in the performance of this contract that are subject to the filing and reporting requirements described in section 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11023) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13106), the offeror will file and continue to file for such facilities for the life of the contract the Toxic Chemical Release Inventory Form (Form R) as described in sections 313(a) and (g) of EPCRA and section 6607 of PPA; or--
 - (2) None of its owned or operated facilities to be used in the performance of this contract is subject to the Form R filing and reporting requirements because each such facility is exempt for at least one of the following reasons: **(Check each block that is applicable.)**
 - ☐ (i) The facility does not manufacture, process, or otherwise use any toxic chemicals listed under section 313(c) of EPCRA, 42 U.S.C. 11023(c);

- ☐ (ii) The facility does not have 10 or more full-time employees as specified in section 313(b)(1)(A) of EPCRA, 42 U.S.C. 11023(b)(1)(A);
- ☐ (iii) The facility does not meet the reporting thresholds of toxic chemicals established under section 313(f) of EPCRA, 42 U.S.C. 11023(f) (including the alternate thresholds at 40 CFR 372.27, provided an appropriate certification form has been filed with EPA);
- ☐ (iv) The facility does not fall within Standard Industrial Classification Code (SIC) designations 20 through 39 as set forth in Section 19.102 of the Federal Acquisition Regulations; or
- ☐ (v) The facility is not located within any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, the Northern Mariana Islands, or any other territory or possession over which the United States has jurisdiction.

SECTION L

INSTRUCTIONS, CONDITIONS, AND NOTICES TO OFFERORS

L.1 52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE (JUN 1988)

This solicitation incorporates one or more solicitation provisions by reference, with the same force and effect as if they were given in full text. Upon request, the contracting officer will make their full text available.

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) PROVISIONS

NUMBER	TITLE	DATE
52.214-34	APR 1991	SUBMISSION OF OFFERS IN THE ENGLISH LANGUAGE
52.215-5	JUL 1987	SOLICITATION DEFINITIONS
52.215-7	APR 1984	UNNECESSARILY ELABORATE PROPOSALS OR QUOTATIONS
52.215-8	DEC 1989	AMENDMENTS TO SOLICITATIONS
52.215-9	FEB 1997	SUBMISSION OF OFFERS
52.215-12	APR 1984	RESTRICTION ON DISCLOSURE AND USE OF DATA
52.215-13	APR 1984	PREPARATION OF OFFERS
52.215-14	APR 1984	EXPLANATION TO PROSPECTIVE OFFERORS
52.215-15	JUL 1995	FAILURE TO SUBMIT OFFER
52.215-16	OCT 1995	CONTRACT AWARD

L.2 52.216-1 TYPE OF CONTRACT (APR 1984)

The Government contemplates award of a labor-hour contract resulting from this solicitation.

L.3 52.233-2 SERVICE OF PROTEST (AUG 1996)

- (a) Protests, as defined in Section 33.101 of the Federal Acquisition Regulation, that are filed directly with an agency, and copies of any protests that are filed with the General Accounting Office (GAO), shall be served on the Contracting Officer (addressed as follows) by obtaining written and dated acknowledgment of receipt from:

- (b) The copy of any protest shall be received in the office designated above within one day of filing a protest with the GAO.

4. You may, at your discretion, submit alternate proposals or proposals which deviate from the requirements, provided that you also submit a proposal for performance of the work as specified in the statement of work. Such proposals may be considered if overall performance would be improved or not compromised and if they are in the best interests of the Government. Alternate proposals, or deviations from any requirement of this RFP, shall be clearly identified.

5. The Government will evaluate proposals in accordance with the evaluation criteria set forth in Section M of this RFP.

6. Offerors' proposals must disclose the technical approach in as much detail as possible, including, but not limited to, the requirements specified in the Technical Proposal Instructions, as set forth in section B of this section. In addition, offerors must comply with the requirements of the Business Proposal Instructions, specified in section C of this section.

7. It should be understood that your proposal will become part of the official contract file.

8. This RFP does not commit the Government to pay any costs for the preparation and submission of a proposal. In addition, the Contracting Officer is the only individual who can legally commit the Government to the expenditure of public funds in connection with this proposed acquisition.

- SECTION B -

TECHNICAL PROPOSAL INSTRUCTIONS

To facilitate proposal evaluation, the offeror shall submit a separate enclosure entitled, "Technical Proposal", and shall mark it "Volume I". A complete and comprehensive technical proposal shall be submitted, specifically addressing all factors, including phasing of tasks, methods to be utilized, and scheduling of human resources to satisfactorily complete all issues and tasks covered in the statement of work. The data and information should be keyed to each paragraph of the technical proposal requirements outlined below:

1. Problem and Approach

a. Understanding of the Statement of Work

The offeror's proposal shall include, in the offeror's own words, a statement of the problem, scope and purpose of the project, and demonstrate his/her complete understanding of the project's intent and requirements.

b. Technical Approach

The offeror's proposal shall disclose his/her technical approach in as much detail as possible, including, but not limited to, the requirements in this section. The proposal shall outline the recommended approaches to be followed in arriving at the best solutions for the statement of work's requirements as described in Section C of this RFP. To this end, the recommendation and technical approach should be specific, detailed, and complete enough to clearly and fully demonstrate that the offeror thoroughly understands the intent of the statement of work, together with proposed solution approaches. Stating that you understand and will comply with the statement of work, or parts thereof, is considered inadequate. So are phrases such as "standard procedures will be employed" and "well-known techniques will be used". It is recognized that all the technical factors cannot be detailed in advance, but the technical proposal must be sufficient as to how the offeror proposes to comply with the applicable statement of work, including a full explanation of the techniques and procedures you propose to follow. Data previously submitted, if any, cannot be considered and should not be incorporated into the technical proposal by reference.

The technical proposal should also include the following:

- (1) Supporting documentation to substantiate/justify an understanding of the technical approaches.
- (2) A statement(s) and discussion of potential problem areas, along with recommendations for solutions.
- (3) A statement of any interpretations, qualifications, limitation, deviations and/or exceptions to the statement of work.
- (4) A statement on the degree to which the offeror's proposal and technical approaches exceed the requirements of the statement of work.

c. Technical Management and Management Workplan

Describe the organizational and management methods you will utilize in the technical management of the proposed contract. As an example, in the technical approach, your description of a facet of the work should demonstrate an understanding of the nature of the tasks and their potential problems and how you will surface issues in a timely manner and at the proper levels of authority.

The offeror should indicate a schedule for completing each of the requirements outlined in the statement of work and include estimates of staff utilization, propriety of specific levels of human resources, and travel plans.

2. Qualifications

a. Staff Qualifications

- (1) The proposal shall include resumes identifying the types of professional personnel that will be employed to perform the contract. Resumes shall describe the experience, education, background, specific scientific or technical accomplishments and any special qualifications that are applicable to the contract performance, including relevant experience, or special experience gained in projects for other clients. This information shall be provided for the project team members and, to the extent possible, for the additional and supportive personnel describe in (2) below.
- (2) The proposal shall specify how professional personnel employed under the contract shall operate organizationally and specify the name and title of the person who shall provide technical direction. The offeror should include organization charts detailing:

- a. Organization of the project, including relationships to outside resource personnel; and
- b. The project leader, the task leader(s), and any other key personnel.

(3) The offeror shall describe the sources and type of special additional personnel, if any, that are required for any item of work. The offeror shall indicate the technical areas, character and extent of consultant activity.

b. Organization Qualifications

General background, experience, and qualifications of the offeror's organization shall be furnished. Previous relevant experience shall be furnished and this information shall include the names, addresses and phone numbers of contract and technical supervision officers. Experience may have been Federal or other Government, commercial and/or nonprofit organizations. Special notations shall be made of similar or related Government projects. The offeror is required to furnish the time required to complete each project, the staffing used and the total price charged for performance.

3. Additional Information To Be Furnished

a. Resource Requirements

State whether or not acceptance of a contract for this project will impact performance of other Government contracts. If "yes," indicate the nature and extent of the impact.

Are employees, on which estimates are based, presently on the offeror's payroll and immediately available for this work? If not, state the number and kind of persons who would have to be hired and the arrangements made to obtain them.

b. Key Personnel

The proposal must contain the names of the key people responsible for the preparation of the proposal and their expected participation in the project.

4. Summary of Deviations/Exceptions in the Technical Proposal

The offeror will fully explain any deviations, exceptions or conditional assumptions taken with respect to this RFP. Any exceptions taken to the statement of work shall have amplification and justification in order to be evaluated. Such exceptions will not, of themselves, automatically cause a proposal to be termed unacceptable. A large number of exceptions, or one or more significant exceptions not providing any obvious benefit to the Government may, however, result in rejection of such proposal(s) as technically unacceptable.

5. Proposals which merely offer to conduct a program in accordance with the requirements of the Government's statement of work will not be eligible for award. The offeror must submit an explanation of the proposed technical approach in conjunction with the tasks to be performed in achieving the project objectives.

Additional Technical Evaluation Criteria and Instructions

As a minimum, technical proposals must contain the following:

- A. Understanding of the problem and technical approach.

- (1) Statement and discussion of the requirements as analyzed by the offeror.
- (2) Prospective contractor's proposed definitive Scope of Work, with explanation of technical approaches, and a detailed outline of the proposed program for executing the requirements of the technical scope and achieving the objectives of the project.
- (3) Statement and discussion of anticipated major difficulties and problem areas together with potential of recommended approaches for their resolution.
- (4) Statement of the extent to which the proposed approach and program can be expected to meet or exceed requirements and specifications of the technical scope.

- SECTION C -

BUSINESS PROPOSAL INSTRUCTIONS

To facilitate proposal evaluation, the offeror shall submit as part of his/her proposal a separate enclosure entitled "Business Management and Cost/Price Proposal," and shall mark it "Volume II".

1. Cost and Pricing Data

- a. The attached SF-1448 must be used in the preparation of the proposal.

2. Other Administrative Data

- a. The proposal shall stipulate that it is predicated upon all the terms and conditions of this RFP. In addition, it shall contain a statement to the effect that it is firm for a period of at least 60 days from the date of receipt by the Government.
- b. It is HHS policy that contractors are responsible for providing all equipment and facilities necessary for performance of contracts. Exceptions may be granted to furnish Government owned property, or to authorize purchases of such with contract funds, only when approved by the Contracting Officer. If additional equipment must be acquired, the offeror shall include the description, estimated cost of each item, and whether the offeror will furnish the items with its own funds.
- c. The offeror shall identify Government owned property in its possession and/or property acquired from Federal funds, and title to which vests in the offeror, which it proposes to use in the performance of the prospective contract.
- d. The management and control of any Government property shall be in accordance with HHS publication (OS) 74-0115 entitled, "Control of Property in Possession of Contractors", a copy of which will be provided upon request.
- e. The offeror shall list any commitments with the Government relating to the specified work or services and indicate whether these commitments will or will not interfere with the completion of the work or services contemplated under this RFP.
- f. The offeror shall indicate if he/she has the necessary financial capacity, working capital, and other resources to perform this contract without assistance from any outside sources. (If not, the offeror is to indicate the amount required and the anticipated source.)
- g. The offeror is to furnish any information relative to royalties on a patent or amortization of the cost of acquiring a patent or invention or rights thereto, necessary for the proper performance of the work covered

by the proposal.

h. The offeror will explain any deviations, exceptions, or conditional assumptions taken with respect to this part of the RFP. Any exceptions taken must carry sufficient amplification and justification to permit evaluation. Such exceptions will not, of themselves, automatically cause a proposal to be termed unacceptable. A large number of exceptions, or one or more significant exceptions not providing any obvious benefit to the Government may, however, result in the rejection of such proposal(s) as unacceptable.

3. Offeror Representations and Certifications

The offeror shall complete, sign, date, and submit an original copy of the "Representations and Certifications" included in Section K of this RFP. This document shall be included with the Business Management and Cost/Price Proposal and must be thoroughly completed. It must be executed by and official authorized to bind the offeror.

4. Negotiated Overhead Rates. The offeror shall attach its latest negotiated overhead rate agreement.

5. Privacy Act Notification. This acquisition action requires the contractor to do one or more of the following: design, develop or operate a system of records on individuals to accomplish an agency function in accordance with the Privacy Act of 1974, Public Law 93-579, December 31, 1974 (5 U.S.C. 552a) and applicable agency regulations. Violations of the act may involve the imposition of criminal penalties.

L.5 CONDITIONS AND NOTICES TO OFFERORS

Inquiries concerning this solicitation document should be submitted in writing to the issuing procurement office no later than **JULY 3, 1997**. Fax inquiries may be sent to (202) 690-5698. Answers to questions will be provided to all offerors being solicited, giving due regard to the proper protection of proprietary information.

SECTION M

EVALUATION FACTORS FOR AWARD

M.1 52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE (JUN 1988)

This solicitation incorporates one or more solicitation provisions by reference, with the same force and effect as if they were given in full text. Upon request, the contracting officer will make their full

I. BASIS FOR AWARD

Any contract awarded as the result of this solicitation shall be in accordance with FAR 52.215-16 entitled "Contract Award", and as specified in this section.

II. EVALUATION FACTORS FOR AWARD

A. Separate technical and cost/price evaluations shall be performed. The interrelationship of these elements shall be assessed consistent with regulations concerning the consideration of cost and other factors in determining contract award. The technical evaluation is conducted in accordance with weighted technical evaluation criteria established and approved prior to receipt of proposals. This evaluation produces a numerical score (points). Cost proposals are evaluated to assess the realism of the proposed cost and to determine the probable cost to the Government. Offerors are advised that the technical evaluation will be more important than cost evaluation. However, to be selected

for

award, a proposal must be fairly and reasonably priced.

B. Proposals shall be evaluated to determine the offeror's ability to complete all technical requirements for performance. Any proposal that addressed only part of the technical requirements may not be considered fully responsive to the Government's technical needs and may not be accepted. Failure to furnish all and complete information requested may cause an offer to be considered unacceptable. The Government reserves the right to reject an unacceptable offer and to award a contract with no opportunity granted to modify the proposal.

C. The Government may conduct written or oral discussions as necessary only with those responsible offerors who submit proposals within a competitive range.

III.

TECHNICAL PROPOSAL EVALUATION CRITERIA

Criterion

1. Experience Weight 40%

Offeror must show specialized experience in audit sampling, in particular multistage sampling designs in auditing and mixed distributions involving audit data. Offeror must show experience in developing computer appraisal programs to appraise audit data and in certification of computer programs. Offeror must demonstrate experience in working effectively with auditors.
2. Technical qualifications Weight 25%

The offeror must have a strong academic background to be a credible expert witness before the board of appeals and in courts of law in the event our statistical projections are challenged. Offeror must be able to develop computer programs to perform simulation studies for policy evaluation and to appraise audit data. Offeror must be an experienced instructor capable of communicating clearly and effectively to auditors, Statistical Specialists, and OAS statisticians.
3. Understanding of the problem Weight 20%

Offeror must demonstrate understanding (1) of statistical methodologies and generally accepted statistical principles of statistical sampling in accordance with the Statement of Work and OAS Audit Policies and Procedures, Chapter 20-02, Sampling and Estimation Techniques in Auditing and (2) of the problems and concerns of auditors in their use of sampling.
4. Technical approach Weight 15%

The proposed approach and work plan for performing the work must show soundness, practicality, and feasibility for developing sound sampling methodologies and policy.

IV. 52.252-2 CLAUSES INCORPORATED BY REFERENCE. (JUN 1988)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

52.217-5 EVALUATION OF OPTIONS. JUL 1990

PROPOSAL COVER SHEET
(Cost or Pricing Data Not Required)

1. SOLICITATION/CONTRACT/MODIFICATION NUMBER

OMB NO.: 9000-0013
Expires: 09/30/98

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the FAR Secretariat (VRS), Office of Federal Acquisition Policy, GSA, Washington, DC 20406.

2a. NAME OF OFFEROR			3a. NAME OF OFFEROR'S POINT OF CONTACT		3c. TELEPHONE	
2b. FIRST LINE ADDRESS			3b. TITLE OF OFFEROR'S POINT OF CONTACT		AREA CODE	NUMBER
2c. STREET ADDRESS			4. TYPE OF CONTRACT ACTION (Check)			
2d. CITY						
2e. STATE			2f. ZIP CODE			
5. TYPE OF CONTRACT (Check)			A. NEW CONTRACT			
<input type="checkbox"/> FFP			B. CHANGE ORDER			
<input type="checkbox"/> CPFF			D. LETTER CONTRACT			
<input type="checkbox"/> CPIF			E. UNPRICED ORDER			
<input type="checkbox"/> CPAF			F. OTHER (Specify)			
<input type="checkbox"/> FPI			C. PRICE REVISION/REDETERMINATION			
<input type="checkbox"/> OTHER (Specify)						

6. PERFORMANCE

PLACE(S)	a.		PERIOD(S)	a.	
	b.			b.	
	c.			c.	

7. List and reference the identification, quantity and total price proposed for each contract line item. (Continue on reverse, if necessary. Use same headings)

a. LINE ITEM NO.	b. IDENTIFICATION	c. QUANTITY	d. TOTAL PRICE	e. PROP. REF. PAGE

8. PROVIDE THE FOLLOWING (If available)

NAME OF CONTRACT ADMINISTRATION OFFICE			NAME OF AUDIT OFFICE		
STREET ADDRESS			STREET ADDRESS		
CITY	STATE	ZIP CODE	CITY	STATE	ZIP CODE
TELEPHONE	AREA CODE	NUMBER	TELEPHONE	AREA CODE	NUMBER

This proposal is submitted in response to the solicitation, contract, modification, etc. in Item 1. By submitting this proposal, the offeror, if selected for discussions, grants the contracting officer or an authorized representative the right to examine, at any time before award, any of those books, records, documents, or other records directly pertinent to the information requested or submitted. See instructions at Table 15-3.

9a. NAME OF OFFEROR (Typed)		10. NAME OF FIRM	
9b. TITLE OF OFFEROR (Typed)			
11. SIGNATURE		12. DATE OF SUBMISSION	

AUTHORIZED FOR LOCAL REPRODUCTION

STANDARD FORM 1448 (10-95)
Prescribed by GSA - FAR (48 CFR) 53.215-2(a)

**TABLE 15-3 INSTRUCTIONS FOR SUBMISSION OF INFORMATION
OTHER THAN COST OR PRICING DATA**

SF 1448 is a cover sheet for use by offerors to submit information to the Government when cost or pricing data are not required but the contracting officer has requested information to help establish price reasonableness or cost realism. Such information is not considered cost or pricing data, and shall not be certified in accordance with 15.804-4.

1. The information submitted shall be at the level of detail described in the solicitation or specified by the contracting officer. The offeror's own format is acceptable unless the contracting officer determines that use of a specific format is essential.

A. If adequate price competition is expected, the information may include cost or technical information necessary to determine the cost realism and adequacy of the offeror's proposal, e.g., information adequate to validate that the proposed costs are consistent with the technical proposal, or cost breakdowns to help identify unrealistically priced proposals.

B. If the offer is expected to be at or below the cost or pricing data threshold, and adequate price competition is not expected, the information may consist of data to permit the contracting officer and authorized representatives to determine price reasonableness, e.g., information to support an analysis of material costs (when sufficient information on labor and overhead rates is already available), or information on prices and quantities at which the offeror has previously sold the same or similar items.

2. Any information submitted must support the price proposed. Include sufficient detail or cross references to clearly establish the relationship of the information provided to the price proposed. Support any information provided by explanations or supporting rationale as needed to permit the contracting officer and authorized representatives to evaluate the documentation.

Subject: **SAMPLING AND ESTIMATION TECHNIQUES IN AUDITING**

20-02-00	PURPOSE
10	STANDARDS
20	POLICY
30	THE AUDIT PROCESS
40	SAMPLING AND ESTIMATION PLANS
50	STATISTICAL SAMPLES AND ESTIMATES
60	STRATIFICATION FOR STATISTICAL SAMPLING
70	MULTISTAGE SAMPLING
80	POSTSTRATIFICATION FOR STATISTICAL SAMPLING
90	NONSTATISTICAL SAMPLING
100	DETERMINING THE PERVASIVENESS OF AN ADVERSE CONDITION AND ESTIMATING SAVINGS
110	ESTIMATES INVOLVING NO OAS SAMPLING
120	EXCEPTIONS

EXHIBIT A - TYPES OF ESTIMATES

EXHIBIT B - SAMPLE PLANNING DOCUMENT

EXHIBIT C - ESTIMATE PLANNING DOCUMENT

EXHIBIT D - MINIMUM SAMPLE SIZES

20-02-00 PURPOSE

This chapter establishes Office of Audit Services (OAS) policy on estimates based on (1) statistical samples, (2) nonstatistical samples, and (3) analysis of existing information or data that does not involve OAS sampling. This policy applies to all audits for which reports will be issued by OAS.

20-02-10 STANDARDS

For financial audits, relevant guidance for use of sampling techniques by auditors is contained in Statement on Auditing Standards (SAS) 39, *Audit Sampling*. For performance audits, *Government Auditing Standards* discusses the use of statistical methods to satisfy the need to obtain sufficient, competent and relevant evidence. Information on technical procedures regarding statistical sampling and estimation may be found in texts on applied statistics.

20-02-20 POLICY

This policy addresses the procedures used in sampling and the estimates that are either derived from sample results or from calculations that do not involve sampling, such as analysis of existing information or data. Exhibit A shows the types of estimates used in reports. Section 20-02-40, *Sampling and Estimation Plans*, discusses sampling and estimation plans.

Sampling is the process of examining or measuring a smaller group of items, called a sample, to make estimates about a larger group of items, called a universe or population. Statistical sampling, or probability sampling, involves selecting a sample based on the theory of probability. At any stage in selecting the sample units, the probability of selecting any set of sample units must be known. Statistical sampling is the only general method known which can provide a measure of precision of the estimate. Statistical sampling is discussed in sections 20-02-50, *Statistical Samples and Estimates*, 20-02-60, *Stratification for Statistical Sampling*, 20-02-70, *Multistage Sampling*, and 20-02-80, *Poststratification for Statistical Sampling*.

Nonstatistical sampling (often referred to as judgmental sampling) is the selection of a sample by a method not based on the theory of probability. Normally, estimates will not be made from a sample that was not selected statistically. However, in certain situations the auditor may decide to use nonstatistical sampling to estimate savings or cost avoidance. The use and limitations of nonstatistical sampling are discussed in sections 20-02-90, *Nonstatistical Sampling*, and 20-02-100, *Determining the Pervasiveness of an Adverse Condition and Estimating Savings*. Estimates based on existing information or data are discussed in section 20-02-110, *Estimates Involving No OAS Sampling*.

20-02-30 THE AUDIT PROCESS

20-02-30-01 Phase 1 - Preliminary Planning

In Phase 1 of the audit process (TAP) preliminary decisions are made about audit objectives, scope, and methodology. A decision should be made whether sampling or an estimate might be used. If sampling or an estimate might be used, the designated regional or headquarters office statistical specialist (Statistical Specialist) should be included on the team as a technical consultant and in the first critical team meeting. Preliminary decisions can be made about sampling and estimates, and the preliminary audit objective can be agreed upon. The Objective Attributes Recap Sheet (OARS) is created, and the objective is listed. The preliminary expectations about sampling are listed in the "below-the-line" section of the OARS under "Method Used to Select Sample."

20-02-30-02 Phase 2 - Pre-Survey

In Phase 2 the criteria are developed and listed on the OARS. The criteria are used in developing the Characteristics To Be Measured section of the sample planning document.

20-02-30-03 Phase 3 - Survey

Phase 3 is probably the most critical phase of the audit. During this phase the conditions are developed and listed on the OARS. The necessary steps are performed to enable the audit team to make decisions concerning the nature, timing and extent of detailed audit work, including statistical sampling. During this phase the sampling plan or estimation plan must be developed and finalized.

During Phase 3 the second critical team meeting is conducted. If sampling or estimates are involved, the Statistical Specialist must be involved in the meeting. Sampling and estimation plans will be developed with the audit program. The plans will be finalized and signed before data collection begins. Signature approval of the sample planning document and the estimate planning document will be required so that approval can be documented in the working papers. The Audit Manager and the Statistical Specialist will sign sampling plans and estimation plans for the audit team.

Sampling plans and estimation plans will be forwarded to Audit Planning and Implementation (API) if the audit will result in a report for the Inspector General's signature or the Deputy Inspector General for Audit Services' signature.

The API Statistician will sign the plans to certify that a technical review has been done. The Director, API, will sign after checking the sampling plans for consistency with OARS.

If sampling is used and monetary recovery is anticipated, the sample must be based on a statistical sample design. Audits that will include an estimate of potential savings or cost avoidance may be based on either statistical or nonstatistical sampling methods or may be based on previously existing data or information, as appropriate.

20-02-30-04 Phase 4 - Data Collection and Analysis

During Phase 4 the sample is reviewed and analyzed. Changes to a sampling plan or estimation plan must be documented and signed. At the conclusion of this work, the results will be included on the OARS as attributes and in the "below-the-line" sampling section. The Statistical Specialist should be involved in the interpretation of the data during this phase.

The OAS policy on the use of statistical estimators follows:

- For monetary recovery, use the difference estimator and recommend recovery at the lower limit of the 90 percent two-sided confidence interval. The difference estimator uses the difference between the value the auditor determined for the sample item and the corresponding amount appearing in the auditee's records to estimate the difference amount for the universe.
- For estimates other than for monetary recovery, such as cost savings and cost avoidance, use the appropriate estimator; report the mean or the lower limit of the 90 percent two-sided confidence interval.

- For rate-setting audits, use the appropriate estimator and recommend the mean.
- Report the precision or the 90 percent confidence interval for all statistical estimates.

20-02-30-05 Phase 5 - Reporting

During Phase 5 the third critical team meeting is conducted before drafting the report. Since the entire team will be drafting the report in a simultaneous mode, the Statistical Specialist should be involved during the process, not after the draft is finalized.

The manner in which the sampling and estimation are documented and reported depends to some extent on the nature and objective of the audit. However, for all audits, the working papers must contain enough detail so the sample selection, estimates, and results can be reconstructed. The scope section of the report must describe the depth and coverage of the audit work conducted to accomplish the audit objectives. The methodology must describe the sample design and the method of estimation.

20-02-30-05-A Working Papers

Working papers should contain enough detail so the sample selection, estimates, and results can be reconstructed. The following should be included at a minimum:

- * approved sampling or estimation plan and approved modifications;
- * for statistical estimates, documentation on random numbers such as pages from a random number table or printout from OAS Statistical Software - Random Number Generators;
- * details on sample selection including the handling of missing items and use of replacement items;
- * details on estimation methodology;
- * for statistical samples, printout from OAS Statistical Software and copies of the data files processed by the programs; and
- * evaluation of results.

20-02-30-05-B Reports

The scope section should explain the relationship between the target population and what was reviewed, identify organizations and geographic locations where the audit work was conducted, specify the time periods covered, cite the kinds and sources of evidence used and the techniques used to verify it, and explain any quality or other problems with the evidence. If unverified data are used, this needs to be stated. Any constraints imposed on the audit approach by data limitations are to be disclosed.

An explanation of the methodology used to accomplish the audit objectives must be included in the report. The explanation must explain the evidence gathering and analysis techniques used; identify any assumptions made in conducting the audit; describe any comparative techniques applied including any measures and criteria used; and if sampling is used, describe the sample design and state why it was chosen. If the methodology explanation is too technical or lengthy, it should be included as an appendix.

It may be appropriate to describe in the body of the report details of the sample design if the information is integral to the finding. When the description of the sample design does not add to the persuasiveness of a finding, but is necessary to explain how the data was accumulated and analyzed, it is appropriate to use an appendix. In some instances, a report may need a reasonably detailed description in the body of the report and in an appendix.

The report should also provide perspective on the extent and significance of reported findings, such as the frequency of occurrence relative to the number of cases or transactions tested and the relationship of the findings to the entity's operations. If the sample included evidence that helped identify the cause of a finding or included other relevant evidence, the description of the sample results should be explained in more detail in the finding. Except as necessary to make convincing presentations, detailed supporting data need not be included in the body of the report.

20-02-30-05-C Supplementary Documentation

When a report is sent to API for review, the report together with supplementary documentation, must contain enough information so the methodology can be checked.

The following supplementary documentation must be submitted with the report:

- For statistical and nonstatistical sampling, approved sampling plan and approved modifications to the sampling plan. For estimates using no OAS sampling, approved estimation plan and approved modifications to the plan.
- For all estimates, explanation of the estimation methodology and estimates if the explanation is not provided in the report or in the sampling or estimation plan.
- For statistical estimates, printout from the OAS statistical software and copies of the data files processed by the programs.

The supplementary documentation is required whether the estimates are derived from sample results (statistical or nonstatistical) or obtained from calculations not involving sampling. The supplementary documentation provides the minimal documentation necessary to aid in an efficient and effective review of the report. These required documents should already be in the working papers. They should be photocopied and submitted with the report. The supplementary documentation should be in the report package; however, it should not be included as part of the report.

Supplementary documentation need not accompany final reports unless estimates have been changed or added to the report since the draft was reviewed by API. If the draft report with the supplementary documentation was not reviewed by API, supplementary documentation must be submitted with the final report.

For statistical samples, information about the sampling population and the sample values must be provided in addition to the requirements listed above. The format depends on the sample design. The required information will usually be contained in the report or will be input to or output from the OAS Statistical Software. The following list assumes that dollar amounts have been reviewed. If another type of variable has been reviewed, the variable of interest should be reported. If the sample is an attribute sample, dollar values may not be relevant.

The following must be included in the report or in the supplementary documentation:

- * For simple random samples, number in population, number in sample, number of errors, and dollar value of errors. When appropriate, include the dollar value of the population and the dollar value of the sample.
- * For stratified samples, number in population, description of strata, number per stratum, sample number per stratum, number of errors per stratum, and dollar value of errors per stratum. When appropriate, include the dollar value of the population and the dollar value of sample per stratum.
- * For multistage samples, description of stages, number of primary units, number of transactions or units sampled from at each stage, number of transactions or units selected at each stage, number of errors and dollar values of errors. When appropriate, include the dollar value of the population and the dollar value of the transactions reviewed.
- * For other sample designs, sufficient detail so the methodology can be checked.

20-02-30-05-D Reporting Composite Figures

Sometimes it is necessary to use findings from several audits and construct a composite figure for reporting purposes. Audit findings that were stated in terms of the lower limit should not be combined with other audit findings that were stated in terms of the mean since the sum would be meaningless.

From a technical point of view, the most reasonable figure to report as an estimate is the mean. Values for monetary recovery, which have been based on lower limits or another negotiated figure, can be reported separately.

Ordinarily there is no need to display a confidence interval for the sum of several audit findings in a consolidated management report. However, should this be necessary, the correct values for the limits of the confidence interval of the sum are not the sum of lower limits and the sum of the upper limits. A new overall confidence interval for the sum must be calculated.

20-02-30-06 Phase 6 - Postaudit Evaluation

During Phase 6 the Statistical Specialist, as a team member, should provide input into the evaluation.

20-02-40 SAMPLING AND ESTIMATION PLANS

A sampling (statistical or nonstatistical) plan or an estimation plan (no OAS sampling) is required for all audits if sampling techniques are used or if estimates relevant to the audit objectives are reported. Exceptions to requiring a sampling plan for a nonstatistical sample are when results are limited to the items reviewed or an attribute test of internal controls is limited to the system reviewed. For example, no sampling plan is needed if testing is done of the internal control structure using a few select items to gain an understanding of the system. Based on the test, the auditor may determine that the internal control system needs to be improved, but the auditor may not infer an evaluation or opinion on all transactions in the universe (such as rate of noncompliance or amount of unauthorized expenditures) unless a statistical sample is selected. Similarly, checking arithmetic calculations or tracing journal entries into ledger accounts may be done on a test basis without inferring an overall opinion.

The plan summarizes the team's ideas concerning the sampling and estimation. The format of the plan depends on whether sampling is used. See Section 20-02-50, *Statistical Samples and Estimates*, for the format of a statistical sampling plan, section 20-02-90, *Nonstatistical Sampling*, for nonstatistical sampling, and section 20-02-110, *Estimates Involving No OAS Sampling*, when no sampling is done by OAS.

20-02-50 STATISTICAL SAMPLES AND ESTIMATES

Statistical sampling depends on the principle of random selection. By selecting a sample randomly, personal bias and subjective considerations are eliminated from the sample. The random numbers used to select the sample and their source will be documented in the working papers. The details of sample selection, including the handling of missing items and use of replacement items, must also be documented in the working papers.

Sample estimates should be based on output from programs approved by API. The computer output, copies of the data files processed by the computer programs, and other supporting material must be included in the working papers.

The format for the sample planning document is given in Exhibit B. The key elements to be included in the sampling plan are discussed below.

20-02-50-01 Audit Objectives

The audit objective to be achieved and the audit procedure, or combination of procedures, to be applied to achieve that objective will be described. Discuss the basis for determining that sampling is needed to meet the audit objective.

20-02-50-02 Population, Sampling Frame, and Sampling Unit

The identification of the audit population, the sampling frame, and the sampling unit should be made as an initial step in designing the sample. The audit population is the group about which information is desired. A sampling unit is any of the designated elements that comprise the population of interest.

The sampling frame is the totality of the sampling units from which the sample will be selected. The auditor should determine and document how the audit population differs from the sampling frame and what effect that will have on conclusions drawn from the audit.

20-02-50-03 Survey Information

Information gathered during the survey that is relevant to the sample should be described. This includes the expected rate of occurrence, average error amount, extent of audit efforts required to review sample cases, basis for stratification, and results of preliminary samples. Probe samples should be discussed with the Statistical Specialist in advance to assure they are properly designed. It is important to select the proper sampling unit relative to the objectives of the audit so information from the probe can be used in developing the sampling plan.

20-02-50-04 Description of Sample Design

The type of sampling design to be used will be identified. The most common designs used are simple random sampling, stratified sampling, and multistage sampling. Details about the strata, stages, and clusters should be included if appropriate.

20-02-50-05 Sample Size

The sample size should be discussed. Factors that should be considered in selecting the sample size are:

- Statistical
 - * variance of characteristics being audited;
 - * desired confidence level;
 - * desired precision; and
 - * population size.
- Audit
 - * audit objectives;
 - * audit resources and cost-benefit; and
 - * time frames for performing the audit.

Exhibit D summarizes the minimum sample size requirements for the most common sampling designs. For simple random sampling, the minimum sample size is 100 sampling units. In addition, in the case of error analysis, a minimum of six sample items with the desired characteristics must appear in the final analysis.¹ Large enough sample sizes should be used to assure that a sufficient number of items exist in the sample with the desired characteristics. To achieve this, usually at least 200 sampling units are necessary. Use of larger sample sizes usually has the advantage of yielding estimates with better precision. Better precision results in a larger lower bound for the confidence interval of the estimate. The lower bound is used as the amount recommended for monetary recovery.

For stratified random sampling, the minimum sample size is 100 sampling units with a minimum of 30 sampling units per stratum. In addition, in the case of error analysis, a minimum of six sample items with the desired characteristics must appear in the final analysis in each stratum. There are various methods for allocating sample items among the strata including proportional allocation and optimal allocation. The sample sizes for the strata do not have to be identical or multiples of each other.

For multistage sampling, at least 8 primary sample units must be selected with a sample of at least 30 transactions for each primary sample unit. The sample for each primary unit must be large enough to include at least six items with the desired characteristics in the final analysis.

Discovery and acceptance sampling can be used to verify a high error rate in a population. The minimum sample size for discovery sampling is 30 items. If 30 items are randomly selected and all are determined to be in error, we are 95 percent confident the error rate in the population is at least 90 percent. If more reliance than 95 percent confidence and 90 percent error rate is needed, a larger sample size is needed.

20-02-50-06 Source of Random Numbers and Sample Selection

The source for the random numbers used to select sample items will be shown in the sampling plan. The recommended source of random numbers is the OAS Statistical Sampling Software. The random numbers used for selecting the sample will be documented. The method for selecting the sample items will be explained.

20-02-50-07 Estimate of Review Time per Sample Item

Staff resources are important factors to consider in developing the plan. Estimate the elapsed time needed to locate the sample items and the staff hours needed to review a sample item.

20-02-50-08 Defining Characteristics To Be Measured by the Sample

The purpose of a sample is to determine the extent of a characteristic or combination of characteristics existing in a given population. For example, a sample may be taken to estimate the value of

¹ There is one exception to the requirement of a minimum of six sample items with the desired characteristics. If the exact hypergeometric distribution is used in appraising the data from a simple random sample, there is no minimum number of sample items with the desired characteristics required for an attribute appraisal.

overpayments due to duplicate payments. The characteristics under consideration are the conditions that must exist for a sample item to be a duplicate. The amount of the duplicate payment is the measurement of the overpayment.

Characteristics used for testing each sample item will be identified in the sampling plan. The auditor will include decision rules in the plan for determining whether a sample item entirely meets the criterion for having the desired characteristics or only partially meets the criterion.

20-02-50-09 Discussion of Treatment of Missing Sample Items

Often sample items cannot be located. How missing sample items are handled depends on the objectives of the audit and characteristics being analyzed. The sampling plan must include a discussion of how missing sample items are to be handled and the rationale.

20-02-50-10 Estimation Methodology

The objective of the audit and the sample design affect the estimation methodology and the estimates calculated. Sampling for attributes is used to estimate the rate or proportion of a characteristic or group of characteristics in a population. Variables sampling is used to estimate quantitative characteristics, usually dollar amounts, in a population.

A variable amount as well as the total number of items having the characteristic can be estimated using one sample. The same sample may be used to estimate both proportions and variables if: (1) the size of the audit population is known and (2) the sample has been selected from a sampling frame that accurately represents the audit population. However, one sample generally cannot be used to estimate an unknown population size and a variable amount. For example, if the sampling frame contains items that are not part of the audit population, one sample generally cannot be used to estimate both the size of the population and the amount of overpayments. Two separate samples should be used.

The plan must include a description of what estimates are to be reported, the rationale for using the estimate, and how the estimate will be calculated.

For monetary recovery, use the difference estimator and recommend recovery at the lower limit of the 90 percent two-sided confidence interval. For estimates of savings or cost avoidance, use the appropriate estimator and report the mean point estimate or the lower limit of the 90 percent two-sided confidence interval. Report the precision or the 90 percent confidence interval for all statistical estimates. For rate-setting audits, use the appropriate estimator and recommend the mean.

20-02-50-11 Other Evidence

Although sample results should stand on their own in terms of validity, sample results may be combined with other evidence in arriving at specific audit conclusions. If appropriate, indicate what other substantiating or corroborating evidence will be developed.

20-02-50-12 Description of How Results Will Be Reported

The auditor should be able to envision how the results of the sample will be used and reported. Describe how the results will be reported. Enough details must be provided to clearly indicate what estimates will be reported.

20-02-60 STRATIFICATION FOR STATISTICAL SAMPLING

One method commonly used to improve sampling efficiency is to stratify the population. Auditors should explore the possibilities of stratification when choosing an appropriate plan.

A stratification plan performed for convenience may not be a statistically efficient plan. An example of stratification for convenience is stratification by Office of Inspector General regions. The Audit Manager should be aware of the impact of a sample designed for convenience compared to a more efficient design; such a stratification plan may require a larger overall sample to ensure that a minimum of six items with the desired characteristics is obtained in each stratum.

For stratified random sampling, the minimum sample size is 100 sampling units with a minimum of 30 sampling units per stratum. There are various methods for allocating sample items among the strata including proportional allocation and optimal allocation. The sample sizes for the strata do not have to be identical or multiples of each other.

In the case of error analysis, the sample selected from the stratum must be sufficient in size to allow for at least six items to have the desired characteristics. If this criterion is not met, a zero error value for the stratum can be assumed resulting in a conservative estimate of the errors. The actual value of the errors for the stratum should be included separately in the total amount of recommended dollar recovery or dollar savings estimate.

For example, if a stratum has four errors totaling \$1,015, the total error value for the stratum is zero for estimation purposes. The \$1,015 is added to the lower limit of the 90 percent two-sided confidence interval in determining the recommended amount of recovery. For dollar savings audits, the \$1,015 can be added to the point estimate.

20-02-70 MULTISTAGE SAMPLING

Multistage sampling can reduce the expense of reviewing transactions by reducing the number of locations that must be visited by the auditors. Multistage sampling involves breaking the population into subgroups called primary sampling units. In the first stage of the sample design, a statistical sample is taken of the primary sampling units. In subsequent stages, statistical subsamples of the preceding samples are selected.

For a two-stage sample, at least 8 primary sample units must be selected with a sample of at least 30 transactions from each primary unit. The sample for each primary unit must be large enough to include at least six items of the desired characteristic.

When using multistage designs, the number of stages should be as few as possible. Statistical Specialists should be consulted in designing the sample, selecting the sample, and analyzing the results.

An example of a multistage sampling application is an audit with the objective to estimate unallowable costs incurred in nursing homes, the audit centering on a state's administration of Medicaid funds. Nursing homes would be the primary sampling units. Since it is impractical to review all nursing homes within a state, the auditor selects a statistical sample of at least eight nursing homes within the state. Patient records within the selected nursing homes are statistically sampled and reviewed as the secondary sampling units. Since the samples of nursing homes and patient records were selected statistically, estimates for cost savings may be made for all nursing homes within the state.

Variability among sampling units can greatly affect the precision of multistage estimates. Multistage sampling should only be used if the resulting precision will be acceptable and no other sampling technique is possible or practical. Multistage sampling should be avoided, if possible, in audits for monetary recovery. If precision is poor, recommended recovery could be small. Thus, the nursing home unallowable cost example should not use a multistage estimator for monetary recovery, if it can be avoided.

20-02-80 POSTSTRATIFICATION FOR STATISTICAL SAMPLING

After selecting an unrestricted random sample, an auditor may decide to stratify using poststratification. A minimum of 20 sampling units per stratum is required containing at least 6 items with the desired characteristics per stratum.

20-02-90 NONSTATISTICAL SAMPLING

Nonstatistical sampling involves the use of an auditor's judgment in the selection of sample items and removes random selection from the sampling plan. Statistical sampling methods are usually preferable because they are more likely to result in obtaining sufficient, competent evidence in a more efficient manner. However, under certain conditions it may be appropriate to use nonstatistical sampling. Additional substantiating information, besides the test of transactions, is always needed to support findings. For audits involving nonstatistical sampling, the additional information may be more complex and conclusions may be somewhat less persuasive. When a nonstatistical sample is used as evidence to convince management that a problem exists, at least 30 items must be reviewed.

The major disadvantage of nonstatistical sampling is that a nonstatistical sample is not necessarily representative of the population and usually estimates cannot be made for items not reviewed. Nonstatistical sampling does not provide information on the precision of estimates, and it cannot be a basis for making cost recoveries beyond those items identified in the nonstatistical sample.

For cost avoidance or cost savings audits, estimates based on nonstatistical sampling can be made if additional testing is performed as described in Section 20-02-100, *Determining the Pervasiveness of an Adverse Condition and Estimating Savings*.

The format for the sample planning document is given in Exhibit B. Usually random numbers are not used for nonstatistical samples. However, a description of the nonstatistical design and the method for selecting the sample items must be provided. If additional survey sites or items will be selected and were

not described in the original plan, their selection must be described in a modification to the plan. See section 20-02-100, *Determining the Pervasiveness of an Adverse Condition and Estimating Savings*, for information on selecting additional survey sites, items or time periods.

20-02-100 DETERMINING THE PERVASIVENESS OF AN ADVERSE CONDITION AND ESTIMATING SAVINGS

Determining the pervasiveness of an adverse condition and estimating savings depends on the sufficiency, competence and relevance of audit evidence. Audits may identify conditions that possibly could occur more generally. To make a recommendation for general change to a program or operation, the auditor must develop persuasive evidence that a systemic change is needed.

Nonstatistical samples and methods cannot be used to project savings as if they were statistical samples. However, under certain circumstances as discussed below, savings can be estimated for items (sites or time periods) not tested in detail by performing minimal testing of additional items.

20-02-100-01 Expansion of Nonstatistical Samples

Expansion of nonstatistical results beyond the items tested in detail, requires the auditor to perform minimal survey testing to determine whether:

- Similar procedures, condition and cause exist at the other sites or time periods. Policies and procedures must be checked, but individual cases need not necessarily be reviewed. If the same conditions and causes are not present at other sites or time periods, errors cannot be projected based on the results of the detailed review to these additional sites or time periods.
- Other corroborating evidence exists. Sample results alone are not sufficient evidence to support a finding at other sites or time periods. The auditor must use professional judgment and compare the results of the sample to other evidence for reasonableness and consistency. Collectively, the results must meet *Government Auditing Standards* with respect to the sufficiency, competency, and relevancy of audit evidence.

20-02-100-02 Statistical and Nonstatistical Samples for Estimation

The remainder of this section describes OAS policy concerning the use of statistical and nonstatistical samples for estimation.

20-02-100-02-A Detailed Testing of a Sample When No Additional Items Are Surveyed

If the sample of items, sites, or time periods was selected nonstatistically, no estimates can be made for the items, sites or time periods that were not sampled due to insufficient evidence. If the sample was selected statistically, the results can be projected to the population from which the sample was selected. For example, a statistical sample of transactions may be taken from a monthly transaction tape. The sample results can be used as a basis for making estimates about the transactions made in that month. However, the sample results cannot be projected to the quarter or year due to insufficient evidence.

20-02-100-02-B Detailed Testing of a Sample When Additional Items Are Surveyed

The sample results from the detailed testing can be projected to the surveyed items (sites or time periods) if it can be established that the same procedures, condition, and cause exist for the surveyed items as for the items tested in detail.

If the additional sample of items is selected nonstatistically, no estimates can be made for items that were not surveyed due to insufficient evidence.

If the survey sample is selected statistically, the sample results from the detailed testing can also be projected to the items that were not surveyed provided corroborating evidence exists. The OAS policy requires at least 20 items, sites or time periods be selected to use this option.

A hypothetical audit will be used as an example. The audit objective is to determine if a payment system for a State administered, federally funded, health care program precludes improper payments for a certain medical procedure. The procedure is common and may be billed on a fee-for-service basis by either a physician or a hospital. To gather evidence to determine if the payments were proper, the auditor reviews the medical file maintained by the provider of the service. The scope of the audit is limited to services provided at hospitals. There are approximately 6,000 hospitals in the country that provide the service, 300 in the auditor's region, and 75 in the State where the detailed audit work will be performed. The auditors performed detailed work at eight hospitals that were selected nonstatistically.

- If nonstatistical sampling techniques are used to select the other sites to be surveyed, the estimate of potential savings will be limited to the sites reviewed in detail or surveyed.

Estimates of cost savings will be determined by calculating the savings at the sites audited in detail and applying the results to the surveyed sites where the adverse condition and cause have been determined to exist. Statements of the adverse condition and cause will be reported only for those sites where it is known to exist. Nothing can be concluded about the other sites that make up the remainder of the population.

For the hypothetical audit, if the scope of the audit was expanded to include a survey of 10 additional hospitals, selected at the discretion of the auditor, the conclusions would be limited to the 18 hospitals reviewed in detail or by survey. The potential dollar savings at the remaining 57 hospitals in the State, 282 hospitals in the region, or 5,882 hospitals in the country would be indeterminate and could not be estimated and reported, no matter how strongly qualified.

- A statistical sample may be used to determine the pervasiveness of a condition and cause occurring in the population when such condition and cause were identified at sites (items or time periods) which were not selected statistically. If statistical sampling techniques are used to select a minimum of 20 additional sites, the estimate of potential savings may be based on the results of the sample using the relevant allocation base (i.e., transactions, dollars, hospital beds) to estimate the proportion of the larger population that may be used in estimating potential savings. Estimates of savings will be determined by calculating the savings at the sites audited in detail and applying the results to the proportion of the population for which the adverse condition and cause have been determined to exist in the statistically selected additional sites.

For the hypothetical audit, if the scope of the audit was expanded to estimate the potential savings related to the remaining 5,992 hospitals by conducting a survey of at least 20 statistically selected sites, the estimate of savings related to the 5,992 hospitals would be based on the proportion of the sample transactions recorded at hospitals for which the condition and cause existed. This estimate of savings would be added to the savings identified by the auditors at the sites selected nonstatistically.

For example, if a random sample of 20 additional sites had 62 percent of the transactions recorded at sites where the audit condition and cause were found to exist, a factor of 62 percent would be applied to the total number of transactions related to the 5,992 hospitals to estimate the number of transactions subject to potential savings. Notice that the transactions related to the eight sites selected nonstatistically are excluded from these calculations. The estimates of savings for those eight sites are based on detailed audit work.

The average savings per transaction for the sites audited in detail would be multiplied by the number of transactions subject to savings at the remaining 5,992 hospitals. The combined savings for the 8 hospitals selected nonstatistically and the remaining 5,992 hospitals would be reported as an estimate of nationwide savings.

20-02-110 ESTIMATES INVOLVING NO OAS SAMPLING

Depending on the objectives of the audit, it may be appropriate to develop estimates using existing information or data. See *Government Auditing Standards* (6.15-6.16) for guidance on relying on the work of others.

If estimates are calculated using data or information other than OAS sample results, an estimation plan is required. The format for the estimation plan when OAS does not do any sampling is given in Exhibit C. The key elements to be included in the estimation plan are:

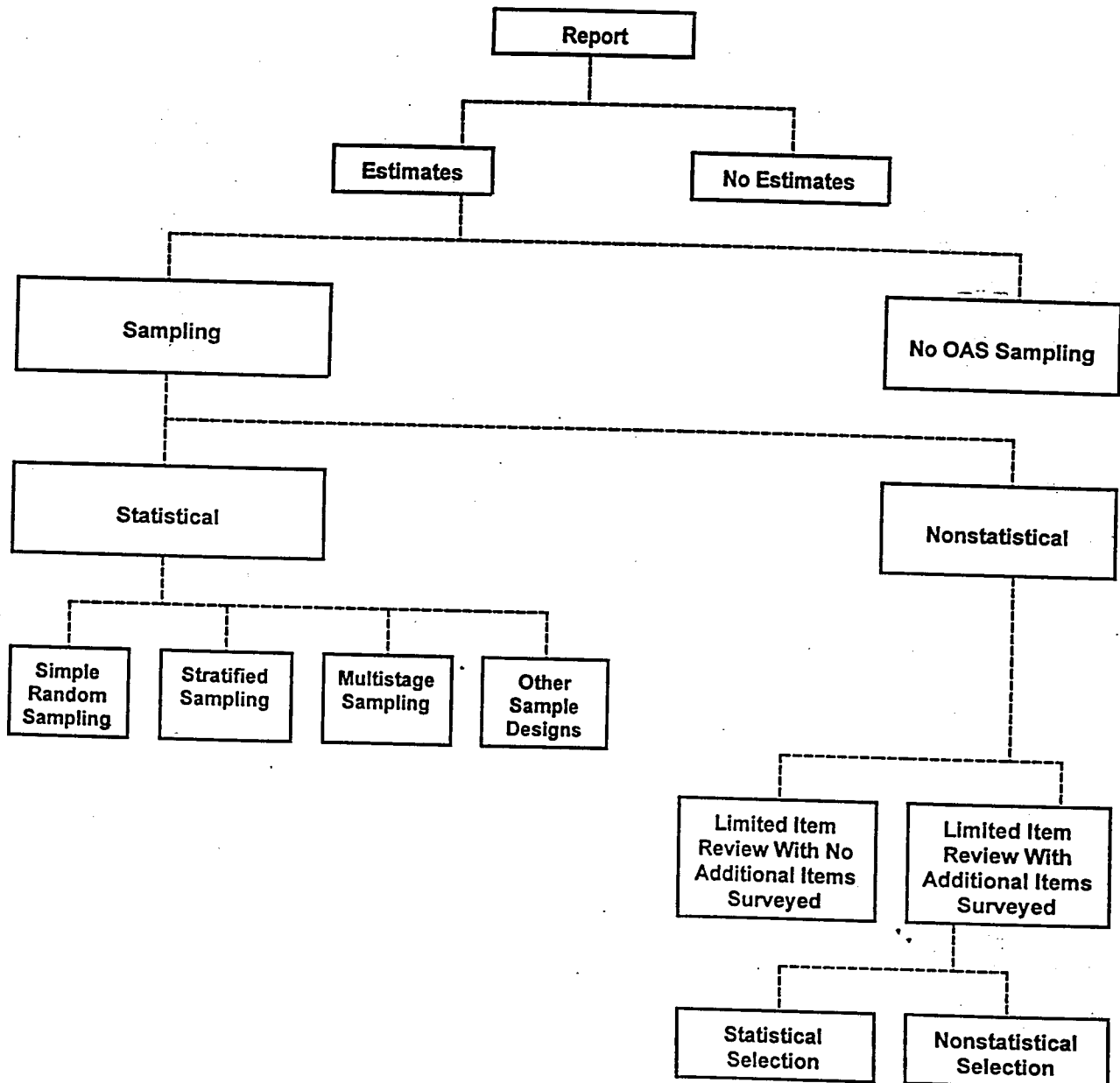
- Audit Objectives - The audit objective to be achieved and the audit procedure, or combination of procedures, to be applied to achieve that objective will be described.
- Description of Estimates to be Calculated - Give a brief narrative of the estimate to be calculated, e.g., "The audit will include an estimate of the number of widget builders in the United States in 1989."
- Estimation Methodology - Briefly describe the mathematics that will be used in the estimate, e.g., "The total number of employees in the widget industry in 1989 was 42,000. Nineteen percent of the industry are builders. The number of builders is calculated by multiplying 42,000 by 19 percent."
- Sources of Data - State the sources of data to be used in the estimation, e.g., "The Bureau of the Census *Statistical Abstract of the United States* for 1990 showed the number of widget workers for 1989. A copy of the page from the Bureau of Census book is attached. The National Widget Association (NWA) maintains statistics on the industry and provided us with their annual publication for 1989. The publication indicated the percentage of workers by job classification. Attached is a copy of the table."

- Validation of Data Sources - Briefly describe the data validation work performed by the team. Reports generated by nationally known organizations, such as the Bureau of the Census, would probably be accepted at face value. Reports generated by the auditee might require some additional validation work by the team. The impact of the estimate to the report should also dictate the extent of validation. An estimate for background purposes should require less validation effort than a key estimate used to recommend a legislative change. For example, the plan might state, "Other statistical data in the NWA publication were validated by comparison to the Bureau of the Census data. The data did reconcile and therefore appears reasonable."
- Reasons for Using Data - Describe why the estimate is needed in the report and why statistical sampling was not used to develop the estimate.

20-02-120 EXCEPTIONS

Any proposed deviation from this policy must be submitted to the Director, API. Requests for any deviations must include either a valid statistical justification for not following the policy in the given situation or a detailed statement explaining why the existing policy cannot be followed. All exceptions must be approved in writing before the exception is applied.

TYPES OF ESTIMATES



HHS - OIG
OFFICE OF AUDIT SERVICES
SAMPLE PLANNING DOCUMENT FOR CIN: _____

<u>Approvals</u>	<u>Signature</u>	<u>Date</u>
Audit Manager	_____	_____
Statistical Specialist	_____	_____
Statistician	_____	_____
Director, API	_____	_____

1. Audit Objective:
2. Population:
3. Sampling Frame:
4. Sample Unit:
5. Survey Information:
6. Sample Design:
7. Sample Size:
8. Source of Random Numbers:
9. Method of Selecting Sample Items:
10. Elapsed Time To Locate Sample and Audit Time per Sampling Unit:
11. Characteristics To Be Measured:
12. Treatment of Missing Sample Items:
13. Estimation Methodology:
14. Other Evidence:
15. Description of How Results Will Be Reported:

HHS - OIG
OFFICE OF AUDIT SERVICES
ESTIMATE PLANNING DOCUMENT FOR CIN: _____

<u>Approvals</u>	<u>Signature</u>	<u>Date</u>
Audit Manager	_____	_____
Statistical Specialist	_____	_____
Statistician	_____	_____
Director, API	_____	_____

- 1. Audit Objectives:
- 2. Description of Estimates to Be Calculated:
- 3. Estimation Methodology:
- 4. Sources of Data:
- 5. Validation of Data Sources:
- 6. Reasons for Using Data:

Note: This form should be used when estimates are calculated using data and information other than OAS sample results.

MINIMUM SAMPLE SIZES

Sampling Design	Minimum Sample Sizes Minimum Number of Items with Desired Characteristics
Simple Random Sampling	Minimum: 100 sampling units Minimum: 6 items with desired characteristics
Stratified Random Sampling	Minimum: 100 sampling units with minimum of 30 sampling units per stratum Minimum: 6 items with desired characteristics per stratum
Multistage Sampling	Minimum: 8 primary sample units with minimum of 30 transactions per primary sample unit Minimum: 6 items with desired characteristics per primary sample unit
Poststratification	Minimum: 100 randomly selected sampling units with minimum of 20 sampling units per poststratified stratum Minimum: 6 items with desired characteristics per poststratified stratum

Large enough sample sizes should be used to assure sufficient items exist in the sample with the desired characteristics. To achieve this, usually at least 200 sampling units are necessary.

There is one exception to the requirement of a minimum of six sample items with the desired characteristics. If the exact hypergeometric distribution is used in appraising the data from a simple random sample, there is no minimum number of sample items with the desired characteristics required for an attribute appraisal.